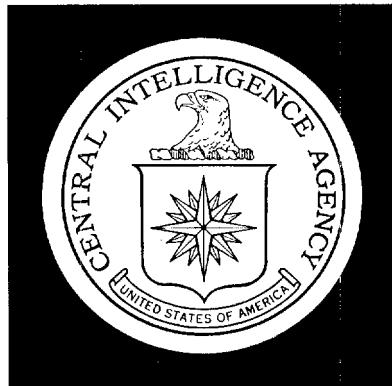


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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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**Nº 040**

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CANADA: Ottawa has introduced legislation to limit takeovers of Canadian businesses by US firms.

Legislation proposed in Parliament last week would create a Competitive Practices Tribunal with power to prohibit or dissolve mergers that do not meet broad, statutory criteria. It would also deal with purely domestic mergers and various prohibited trade practices.

The tribunal is likely to be the Trudeau government's chief weapon in controlling US takeovers of Canadian firms. The Competition Act also spells out circumstances in which the tribunal may order a Canadian firm to take no action to comply with domestic regulations of a foreign government. Thus, subsidiaries of US firms may be prevented from complying with US statutes and policies--such as export control regulations, antitrust laws, and balance-of-payments measures. This was adopted to reduce the extraterritorial application of US laws in Canada, which many Canadians find distasteful.

Concern in Canada has been mounting recently over the dominant position of US business. The Gray Report, a comprehensive review of foreign investment in Canada, is due later this summer. More stringent governmental control of future foreign investment will probably be recommended to appease growing economic nationalism, but Ottawa is not likely to discourage US investment except in priority sectors. The legislation proposed in the Competition Act, and the recommendations likely to emerge from the Gray Report, are intended to give Canadians a feeling of greater independence from the US without placing any great impediments on the inflow of capital needed to develop Canada's vast resources and to finance the development of the manufacturing sector.

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EUROPEAN LABOR: Long-standing Soviet efforts to convene a meeting of East and West European labor unions have now culminated in an agreement to hold a conference in the summer of 1972 under the auspices of the International Labor Organization (ILO).

At a congress of the Finnish Trade Union Federation in Helsinki last week, the head of the Soviet trade unions, Aleksandr Shelepin, reached an informal understanding with representatives from various Western unions to support an ILO regional conference. The agreement does not meet the maximum Soviet objective, which was an all-European trade union conference under the joint sponsorship of the Communist-dominated World Federation of Trade Unions (WFTU) and the Western International Confederation of Free Trade Unions (ICFTU). The West European unions had already agreed to reject any implied recognition of WFTU, a position which was confirmed at last week's meeting in Geneva of the ICFTU executive board.

Although the ILO-sponsored session will be intended to mute political issues in favor of discussions on economic and social topics of mutual concern, the Soviets will probably regard the meeting as partially satisfying their aim of encouraging East-West detente. For the West Europeans, the ILO session accords with a desire for relaxation of East-West tensions without paying a heavy political price. The West German Trade Union Federation, in particular, has wanted some sort of conference as support for Brandt's Ostpolitik.

Because the East German federation is not represented in the ILO, the East Germans would not be eligible to participate in the East-West session.

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25X1 [REDACTED] It remains possible, however, that the USSR and its allies will press for East German participation in the conference. [REDACTED]

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NOTES

SYRIA: The government and the Iraq Petroleum Company (IPC) reached agreement yesterday on pipeline transit revenues for oil transiting Syria to the Mediterranean. The new fees will increase Syria's revenues to over \$80 million annually at the current rate of delivery, an increase of about 50 percent over 1970. The agreement also includes a lump sum payment to Syria of about \$34 million. The unit transit fees agreed to by IPC are slightly higher than those paid by the Trans-Arabian Pipeline Company (TAPLINE), whose pipelines also transit Syria, and may require renegotiation of TAPLINE's agreement.

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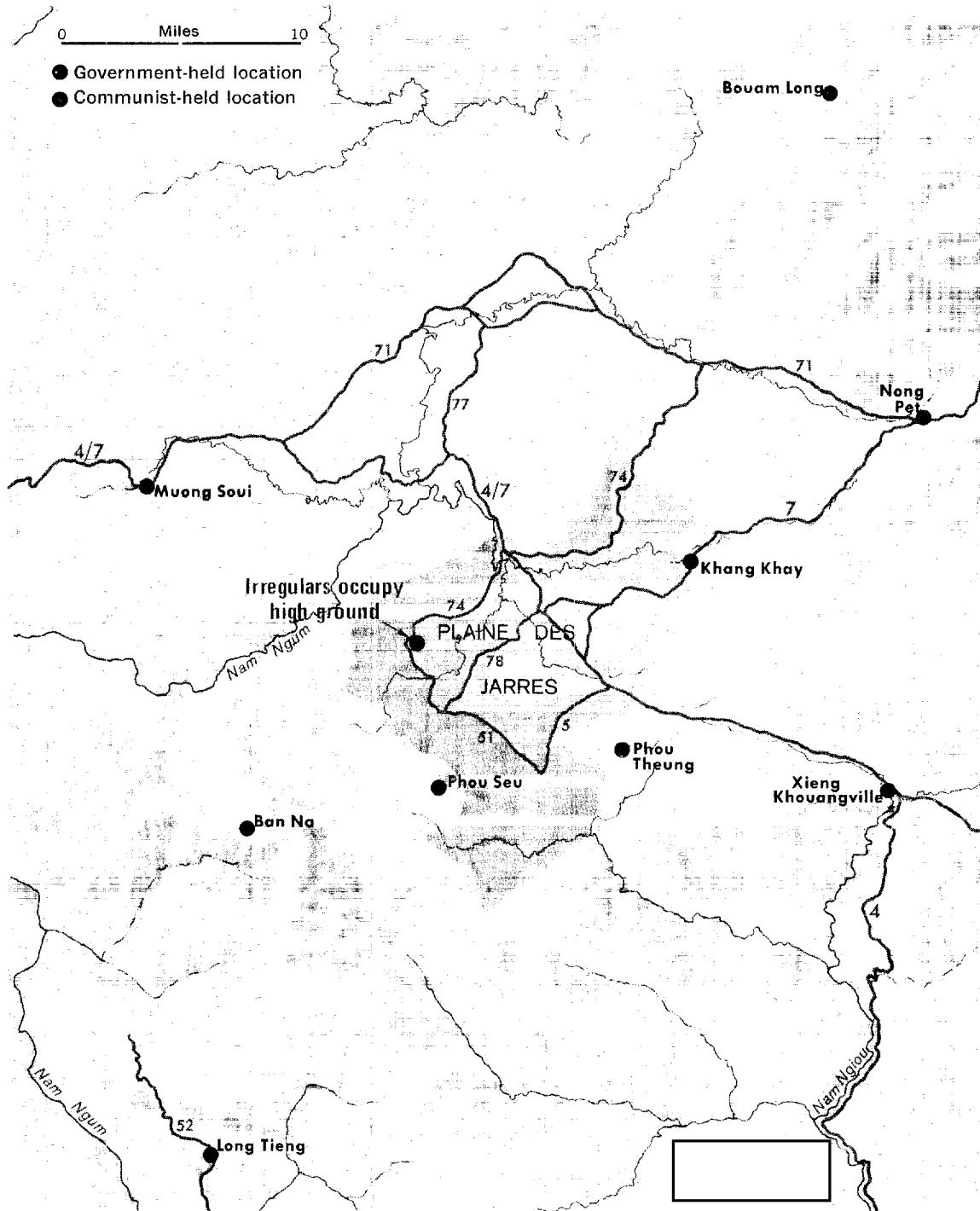
VENEZUELA: Final signing of service contracts by three foreign oil companies may be jeopardized by the deteriorating foreign investment climate.

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one company, probably Shell Oil or Mobil Oil, has decided not to sign. Occidental Petroleum, the other successful bidder, apparently believes it can live with the contract's provisions, even though they are highly favorable to the government. The Caldera administration is counting on the contracts to spur development of new petroleum reserves and would suffer a political blow should any of the companies back out at this late stage.

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(continued)

**SECRET****LAOS: PLAINE DES JARRES AREA**

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LAOS: Vang Pao's forces are now ranging over nearly all of the Plaine des Jarres except for the northeastern sector around Khang Khay. In the last few days, irregular units moved onto high ground positions dominating the northwest section of the Plaine. Patrols and small units have conducted search and clear operations over most of the Plaine, encountering practically no resistance and locating numerous enemy supply caches. Tactical air support for these units has been extensive.

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